

## **TITLE 13, DIVISION 1, CHAPTER 1**

### **Article 3.6. BUSINESS PARTNER AUTOMATION PROGRAM**

Sections 225.00, 225.03, 225.06, 225.09, 225.12, 225.15, 225.18, 225.21, 225.24, 225.27, 225.30, 225.33, 225.36, 225.39, 225.42, 225.45, 225.48, 225.51, 225.54, 225.57, 225.60, 225.63, 225.66, 225.69, and 225.72

#### **§225.00. Definitions.**

The following definitions shall apply to this article.

- (a) The term “BPA” shall identify the Business Partner Automation Program.
- (b) The term “BPA contract” shall be defined as an agreement between the State and a qualified private industry partner as authorized under Section 1685 of the Vehicle Code.
- (c) The term “accountable inventory” shall be defined as inventory identified by a unique serial number that is assigned by the department. These items are the department issued license plates and year stickers. These items are at all times the property of the department.
- (d) The term “controlled inventory” shall be defined as inventory that may impact the registration of vehicles and collection of fees. These items are the department issued computer DMV95A paper and month stickers. These items are at all times the property of the department.
- (e) The terms “first-line business partner,” “first-line service provider,” and “second-line business partner” shall be defined as set forth in Section 1685(b)(1)(A) through (C) of the Vehicle Code. A business partner that acts as a registration service is subject to Chapter 2.5, Division 5 of the Vehicle Code unless otherwise exempt.
- (f) The term “interface” shall be defined as the electronic exchange of information.
- (g) A “change in legal structure” shall be defined as a change between sole owner, partnership, corporation, Limited Liability Company or other legal entity.
- (h) The term “owner” shall be defined as sole owner, partner (except for limited partner), Limited Liability Company members, or private and public corporation shareholders with 10% or more interest in the corporation.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1685, Vehicle Code.

#### **§225.03. Application Requirements.**

A business partner applicant shall complete all requirements and submit to the BPA Program Administrator the following:

- (a) A business partner applicant shall complete, sign and submit an application form for the appropriate type of business.
  - (1) The application form for a first-line business partner is a Business Partner Automation Application, First-Line Business Partner form, REG 4024 (NEW 7/2002).
  - (2) The application form for a first-line service provider is a Business Partner Automation Application, First-Line Service Provider form, REG 4023 (NEW 7/2002).
  - (3) The application form for a second-line business partner is a Business Partner Automation Application, Second-Line Business Partner form, REG 4025 (NEW 3/2002).
  - (4) The application forms identified in Section 225.03(a)(1) through (3) of these regulations are hereby incorporated by reference.
  - (5) Each business partner owner shall be identified on the application form submitted pursuant to Section 225.03(a)(1) through (3) of these regulations.

(b) A business partner applicant shall pay a non-refundable application fee of three hundred and twenty-four dollars (\$324) for its principal place of business and one hundred and thirty dollars (\$130) for each site added with the application. Checks shall be made payable to the Department of Motor Vehicles. This fee shall be paid at the time the application is submitted. An application for a BPA contract shall be submitted via US mail or private courier to the following address: Department of Motor Vehicles, BPA Program Administrator, 2415 1<sup>st</sup> Avenue, MS D166, Sacramento, CA 95818.

(1) An application shall be valid for one year from the date the application is first received by the department. An applicant who fails to fulfill the requirements identified in this section within one year from the date the application is first received by the department must reapply and pay a new application fee.

(c) A business partner applicant shall provide the information required by the Business Partner Automation Program Information Security Pre-Implementation Checklist for First-Line Business Partner and First-Line Service Provider form, INV 5555A (NEW 11/2002) or the Business Partner Automation Program Information Security Pre-Implementation Checklist for Second-Line Business Partner form, INV 5555B (NEW 11/2002) and in the BPA contract.

(d) A business partner applicant shall submit a photocopy of the completed and signed Request for Live Scan Service form, DMV 8016 (Rev. 11/2001) in accordance with Section 225.06 of these regulations and a Statement of Personal History form, REG 4019 (Rev. 11/2002) for each owner and each employee. The Statement of Personal History form is hereby incorporated by reference. A business partner applicant shall submit the documents required by this section for all owners, managers, and administrative staff responsible for the oversight of the program or who manage, administer, supervise, or monitor transactions, inventory, employees, or money; order or account for inventory; and employees who process vehicle registration transactions or work directly with customers.

(1) A business partner applicant located out-of-state or with BPA site locations out-of-state shall submit fingerprints for each owner identified on the application form and each of its employees on a Fingerprint Card form, ADM 1316 (Rev. 1/97) or on a Request for Live Scan Service form in accordance with Section 225.06 of these regulations.

(A) The Fingerprint Card form shall be submitted to a local law enforcement agency. After the local law enforcement agency completes the form, processes for fingerprints, and signs and identifies itself, the form shall be returned to the business partner owner or employee, who will submit the form to the BPA Program Administrator.

(B) The completed original fingerprint forms, along with a copy of the receipt from the local law enforcement agency for processing the form, a photocopy of each person's valid driver license or identification card issued by the state where the site is located, a completed and signed Personal History Statement form for each person, and the fee as authorized in Penal Code section 11105(e) for the Department of Justice (DOJ) and twenty-four dollars (\$24) for the Federal Bureau of Investigations (FBI) fingerprint checks for each set of fingerprints shall be sent by trackable mail. Checks shall be made payable to the Department of Motor Vehicles.

(e) Fingerprints shall not be required when the person to be fingerprinted is a business partner owner who is currently an occupational licensee of the department and whose fingerprints have already been submitted to the department.

(f) The business partner applicant shall submit evidence of compliance with Section 225.09 of these regulations.

(g) A business partner applicant shall complete, sign and submit the Information Security and Disclosure Statement (Firm) form, EXEC 201X (REV. 3/2003), which is hereby incorporated by reference.

(h) A business partner with BPA site locations out-of-state shall maintain an office in the State of California or designate a registered agent within the State of California for service of process.

(1) The identification of a registered agent within the State of California that is available for service of process shall be provided on an application form identified in Section 225.03(a)(1) through (3) of these regulations.

(i) The department will review a submitted application package and determine whether or not the application package is complete within thirty (30) days of the receipt of the application package as required by Section 225.03 of these regulations. After a determination has been made by the department; written notification shall be sent to the applicant informing the applicant that the application is complete and acceptable for filing or that the application is deficient and what specific information is required by the applicant. The department will review a complete application package and decide whether or not to enter into a BPA contract within ninety (90) days of receipt of the complete package.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1652, 1653, and 1685, Vehicle Code.

#### **§225.06. Fingerprints.**

(a) A business partner applicant shall submit fingerprints for business partner owners and employees located in California to a Live Scan facility for each person identified in Section 225.03(d) of these regulations. A copy of the Request for Live Scan Service form, DMV 8016 (Rev. 11/2001) shall be submitted for any and all persons being fingerprinted prior to participation in the BPA.

(1) The Request for Live Scan Service form shall contain the following:

(A) The typed or printed true, full name of the person fingerprinted.

(B) Any aliases used by the person fingerprinted.

(C) The birth date of the person fingerprinted.

(D) The birthplace of the person fingerprinted.

(E) The sex, height, weight, eye color and hair color of the person fingerprinted.

(F) The driver license or identification card number of the person fingerprinted and state of issue.

(G) The social security number of the person fingerprinted.

(H) The date the fingerprints are taken.

(I) The signature of the person taking the fingerprints.

(J) A statement that the Request for Live Scan Service form shall be for the purpose of determining approval to participate in the BPA.

(K) The home address and telephone number of the person fingerprinted.

(b) A business partner applicant shall submit fingerprints for business partner owners and employees located out-of-state for each person identified in Section 225.03(d) of these regulations to a Live Scan facility or to any local law enforcement agency. A Fingerprint Card form, ADM 1316 (Rev. 1/97) shall be submitted for the person being fingerprinted prior to participation in the BPA.

(1) The Fingerprint Card form shall contain the following:

(A) The true, full name of the person fingerprinted.

(B) The signature of the person fingerprinted.

(C) The date the person is fingerprinted.

(D) The signature of the official at the local law enforcement agency taking the fingerprints.

(E) The name and address of the law enforcement agency performing the fingerprinting.

(F) Aliases (AKA) of the person fingerprinted.

(G) The driver license or state issued identification card number of the person fingerprinted.

- (H) The sex, height, weight, eye color and hair color of the person fingerprinted.
- (I) The birthplace of the person fingerprinted.
- (J) The date of birth of the person fingerprinted.
- (K) The social security number of the person fingerprinted.
- (L) On the reverse side, the "Occupational Licensing Branch" box and "Other" box shall be checked and the notation "BPA" added to explain why the "Other" box is checked.
- (M) The name of the business partner that is owned by or employs the person fingerprinted.
- (N) The street address and city of the business partner that is owned by or employs the person fingerprinted.
- (O) The position (title) in the business of the person fingerprinted.
- (P) The street address and city of the person fingerprinted.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

### **§225.09. Financial Security Requirements.**

(a) A business partner shall procure and file an acceptable method of financial security as indicated in this section with the department for the term of its BPA contract plus three (3) months. The acceptable methods of financial security are:

(1) A bond executed by a California admitted surety insurer on a Business Partner Automation Surety Bond form, REG 866 (Rev. 4/2003) and as conditioned in Sections 225.09(b) through (e) of these regulations.

(A) The Business Partner Automation Surety Bond form is hereby incorporated by reference.

(2) An irrevocable letter of credit issued from a bank doing business in the State of California, and insured by the Federal Deposit Insurance Corporation. The State of California, Department of Motor Vehicles, shall be identified as the beneficiary. The letter of credit shall provide for honor of a draft or demand for payment presented with the State's written statement certifying that there has been a loss, damage or liability resulting from a Business Partner's performance or nonperformance, and that the amount of the demand or draft is therefore now due and payable. The letter of credit shall be automatically renewable for the length of the contract and shall remain in effect until the contract expires plus three (3) months.

(b) The amounts of financial security required shall be as follows:

(1) A first-line business partner shall maintain a bond or an irrevocable letter of credit in the amount of six hundred and fifty thousand dollars (\$650,000).

(2) A first-line service provider shall maintain a bond or an irrevocable letter of credit in the amount of one million dollars (\$1,000,000).

(3) A second-line business partner processing new vehicle reports of sale transactions or new vehicle reports of sale and registration renewal transactions shall maintain a bond or an irrevocable letter of credit in the amount of fifty thousand dollars (\$50,000). A second-line business partner only processing registration renewal transactions shall maintain a bond or irrevocable letter of credit in the amount of sixteen thousand dollars (\$16,000).

(c) A business partner shall hold the State of California and any political subdivision thereof or any of its officers, agents, or employees harmless for monetary losses caused by the business partner's misuse of the information obtained from the department or obtained from customers for transactions processed by the business partner and secured by either the bond or letter of credit.

(d) A business partner shall pay to the department monies collected by the business partner and due to the department, including any transaction fee imposed in regulation or statute by the State under Vehicle Code section 1685.

(e) A business partner shall reimburse the State of California, or any political subdivision thereof, for any loss or damage that the State of California, or any political subdivision thereof, may suffer by reason of any act of the business partner, its agents or employees arising out of or related to the business partner's duties, functions or obligations as a business partner, in any amount up to the maximum amount secured under the bond or letter of credit, when any of the following conditions occur:

(1) Information obtained from the department or customers by false or misleading representations while performing the duties, functions and obligations of a business partner.

(2) Information obtained from the department and customers and used for any purpose other than specified in the regulations or BPA contract.

(3) Any other act resulting in monetary losses being suffered by the State of California, any political subdivision of the State of California, or any of its officers, agents or employees while performing the duties, functions and obligations of a business partner.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.12. Business Partner Contract.**

(a) A business partner applicant shall sign the BPA contract prepared on a State of California, Standard Agreement form, STD 213 (NEW 2/98) and executed in accordance with the Department of General Services requirements and the State Contracting Manual.

(b) A BPA contract shall be in effect for thirty-six (36) months and is not renewable. A new application and BPA contract shall be required for each permit term. The application process may be started after the second audit report, including any findings and recommendations, is submitted to the department pursuant to Section 225.63 of the regulations.

(c) Should any provision of the BPA contract, statute or regulations be deemed illegal or unenforceable, all remaining provisions of the BPA contract, statutes, and regulations shall remain in effect.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1653, and 1685, Vehicle Code.

#### **§225.15. BPA Permit Authority.**

(a) No person shall act as a business partner who is not a party to a currently valid BPA contract.

(b) A BPA permit shall be issued to each first-line business partner, first-line service provider and second-line business partner for each site location that the department has determined meets the qualifications to enter into a BPA contract. Upon the execution of the BPA contract, the department will issue a BPA permit. The BPA permit shall identify the business as an authorized business partner.

(c) The Authorized Business Partner Permit form, REG 4027 (Rev. 6/2002) shall be displayed within view of the business partner's customers.

NOTE: Authority cited: Sections 1651 and 1685 Vehicle Code. Reference: Sections 1652, 1653, and 1685, Vehicle Code and 15376, Government Code.

**§225.18. Cause for Refusal to Enter into a Contract and Issue a Permit.**

(a) The failure of an applicant to establish its honesty, integrity, good character and reputation to the satisfaction of the department is good cause for the department to refuse to enter into a BPA contract with such applicant.

(b) The failure of an applicant to establish the honesty, integrity, good character and reputation of any of its owners or employees to the satisfaction of the department is good cause for the department to refuse to enter into a BPA contract with such applicant.

(c) The information provided on a Statement of Personal History form, REG 4019 (Rev. 11/2002), the message(s) from DOJ and/or the FBI in response to a fingerprint check and/or other information obtained by the department may be the basis for approval or disapproval of a business partner, business partner owner(s) or employee(s) in meeting the standards stated in Section 1685 (b)(2)(B) of the Vehicle Code to participate in the BPA.

(d) There is good cause for the department to refuse to enter into a BPA contract with a business partner applicant if the applicant, one of its owners or employees:

(1) Has been convicted of a felony or a crime, or committed an act or engaged in conduct involving moral turpitude that is substantially related to the function of a BPA business partner.

(2) Is or has been the holder of an occupational license issued by the department that has been suspended or revoked.

(3) Is or has been a managerial employee of an occupational licensee licensed by the department that has been suspended or revoked.

(4) Is or has been a commercial requestor or one of its owners that has been suspended or revoked.

(5) Has failed to comply with their BPA contract or failed to complete any of the audit requirements of Section 225.63 of these regulations.

(6) Has used a false name, made any false statement, or concealed any material fact in any BPA application or statement of personal history.

(7) Has displayed, caused or permitted a sign, mark or advertisement, or used a "Doing Business As" (DBA) in violation of Section 25 of the Vehicle Code.

(8) Has permitted or engaged in fraudulent practices or acts, with reference to clients, members of the public or the department.

(9) Has committed or was responsible for any other act, occurrence, or event in California or any foreign jurisdiction that provides cause for refusal to issue a permit.

(10) Has failed to comply with Section 1685, of the Vehicle Code; Division 5, (commencing with Section 11100) of the Vehicle Code, has violated Article 3, commencing with Section 1800 of Chapter 1; Division 2 of the Vehicle Code or any regulation adopted under these statutes.

(11) Was a departmental employee dismissed by the department for cause related to honesty, integrity, good character and reputation of the person dismissed by the department.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1653 and 1685, Vehicle Code.

**§225.21. Review of Criminal History Information.**

(a) In reaching a decision on approval or disapproval of a business partner owner or employee to participate in the BPA, the BPA Program Administrator or a designee may review and consider the criminal history information provided by the California Attorney General pursuant to Section 11105(b)(9) of the Penal Code. This information may be used as part of the department's process in reaching a decision as it relates to Sections 225.00 et seq. of these regulations. The BPA Administrator or designee will consider the "Occupational Licensing and Disciplinary Guidelines" (Rev. 3/98) incorporated by reference in Section 440.04, Article 6.1, Chapter 1, of Division 1 of Title 13 of the California Code of Regulations in reaching a decision.

(1) Deviation from the Guidelines is appropriate when the Director or designee, in his or her sole discretion, determines that the facts warrant such a deviation, for example, the presence of mitigating factors, how long ago the conduct, action, or offense occurred, evidentiary problems and customer complaints.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1685, Vehicle Code.

**§225.24. Failure to Meet Security Requirements.**

The failure of an applicant or a business partner to comply with the information security requirements identified in Section 225.51 shall be good cause for the department to cancel, terminate or refuse to enter into a BPA contract with such business partner applicant.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1685, Vehicle Code.

**§225.27. Transaction Access.**

(a) The processing of vehicle registration and titling transactions and issuing of vehicle registration indicia and documents by a business partner requires access to the department's data communication system and the vehicle registration and BPA inventory databases through a network approved by the department.

(b) A business partner's interface access shall be compatible with the department's interface. Equipment and software to access and interface with the department's databases shall be the responsibility of the business partner.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1653 and 1685, Vehicle Code.

**§225.30. Electronic Fund Transfer.**

(a) A business partner shall execute and comply with all terms and conditions of the Electronic Fund Transfer Authorization Agreement for Pre-Authorized Payments (09/04/02) (EFT contract) that provides for payment to the department of the fees collected by the business partner and due to the department.

(1) The first-line business partner shall authorize the department to initiate debit entries into the account identified in the EFT contract for payment of all fees collected for and due to the department.

(2) The first-line service provider shall authorize the department to initiate debit entries into the account identified in the EFT contract for payment of all fees collected by its second-line business partners for payment of all fees collected for and due to the department.

(3) When the department is notified by the financial institution of insufficient funds or closed account status, the department shall suspend interface access until payment of all fees and charges. Applicable bank service charges, in addition to a thirty-dollar (\$30) (returned item) charge, shall be paid to the department.

(4) When the business partner is notified by the department of its insufficient funds or closed account status, the business partner shall make a same-day reimbursement by wire transfer. The reimbursement shall include the exact amount of the electronic billing, the thirty-dollar (\$30) (returned item) charge, wire transfer processing fee charged to the department by the depository, and any applicable bank service charges.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

**§225.33. Use and Retention of Information.**

(a) A business partner shall not use any information received from a customer or the department for any purpose other than the purposes authorized by this article.

(b) All information shall be treated as confidential or restricted information and shall retain the protections provided by Vehicle Code sections 1808.21, 1808.45, 1808.46 and 1808.47.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1798.26, Civil Code; and Sections 1685, 1808.21, 1808.45, 1808.46, 1808.47, 1810, 1810.7, and 1811 Vehicle Code.

**§225.36. Change of First-Line Service Provider.**

(a) If a second-line business partner requests to change the first-line service provider identified in the BPA contract, the second-line business partner shall complete and submit to the BPA Program Administrator a request for a change in the BPA contract on the Business Partner Automation Program Service Provider Change form, REG 4022 (Rev. 11/2002), which is hereby incorporated by reference. The request shall be completed, signed and submitted to the BPA Program Administrator no less than twenty (20) days prior to any change of service provider.

(b) The department will process the requested change if the proposed first-line service provider is currently authorized by the department to act as a first-line service provider and the requirements of Section 225.36(a) of these regulations are met.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1652, 1653, and 1685, Vehicle Code.

**§225.39. Business Partner Responsibilities.**

(a) First-line service providers shall be responsible for:

(1) Providing oversight for their second-line business partners to ensure they are in compliance with the terms and conditions of their BPA contracts.

(2) Ensuring that their prospective second-line business partners submit all application requirements pursuant to Section 225.03 of these regulations.

(3) Ordering and distributing inventory for their second-line business partners.

(4) Establishing an automated inventory tracking and assignment system to track accountable inventory shipped to the first-line service provider or their second-line business partner. The automated inventory tracking and assignment system shall be capable of recording the date received, status, and location of all accountable inventory.

(5) Tracking and monitoring the issuance of accountable and controlled inventory assigned to their second-line business partners.

(6) Ensuring that none of their second-line business partners have more than a three (3) month supply of inventory in their possession at any time.

(7) Submitting comprehensive quarterly physical inventory reports for their second-line business partners on a "Physical Inventory Non-DMV Entities" form, ADM 175A (Rev. 2/2000).

(8) Establishing security awareness and education programs and measures to ensure that all of their second-line business partners are aware of the first-line service provider's procedures for protecting the confidentiality of records.

(9) Ensuring that all of their second-line business partners have implemented the physical security required in this article and by the BPA contract to prevent and discourage inadvertent or deliberate alteration, disclosure, destruction, loss, misuse, or theft of DMV records, proprietary assets, and accountable and controlled items in their possession.

(10) Controlling access to the department's vehicle registration and titling and inventory databases by use of an authentication credentialing system that shall identify, authenticate and authorize access for each individual user.

(11) Providing registration and titling training for their second-line business partners authorized to participate in the BPA program.



- (12) Auditing and reconciling transactions processed by their second-line business partners.
- (13) Submitting all transactions to the department within twenty (20) days of the date the transaction was processed.
- (14) Ensuring that all of their second-line business partners comply with the advertising requirements identified in any agreement with the department.
- (15) Submitting all fees collected for and due to the department.
- (b) Whenever the State examines, audits or investigates any second-line business partner, the second-line business partner shall pay, within thirty (30) days after receipt of a statement from the State, the reasonable costs incurred by the State for the performance of the examination, audit or investigation, including, but not limited to:
  - (1) The reasonable amount of the salary and/or other compensation paid to the persons making the examination, audit or investigation.
  - (2) The reasonable expenses for travel, meals and lodging of the persons making the examination, audit or investigation.
  - (3) The reasonable amount of any other expenses, including overhead.
- (c) When the second-line business partner fails to pay the department for the examination, audit or investigation within the thirty (30) days as required in Section 225.39(b) of these regulations, the first-line business partner that provides the interface access to the department for the second-line business partner shall be billed by the department and have thirty (30) days from the billing date to pay for the examination, audit or investigation.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1652, 1653, and 1685, Vehicle Code.

#### **§225.42. Business Partner Changes.**

- (a) A business partner shall notify the BPA Program Administrator within the timeframes identified for the changes listed in Sections 225.42(a)(1) through (7) of these regulations on a Business Partner Automation Program Application for Changes form, REG 4026 (Rev. 11/2002), which is hereby incorporated by reference. The completed and signed Business Partner Automation Program Application for Changes form shall be sent by US Mail or private courier to the Department of Motor Vehicles, BPA Program Administrator, 2415 1<sup>st</sup> Avenue, MS D166, Sacramento, CA 95818. The following changes shall be entered on the Business Partner Automation Program Application for Changes form:
  - (1) Closing a site, identified by the site identification number. The business partner shall notify the BPA Program Administrator no more than five (5) days after the closure of the site.
  - (2) Changing the business, corporate, or Limited Liability Company name. The business partner shall notify the BPA Program Administrator no more than twenty (20) days after the effective date of the name change.
  - (3) Adding a site. A nonrefundable processing fee of one hundred and seventy-five dollars (\$175) shall be submitted to the BPA Program Administrator with the Business Partner Automation Program Application for Changes form when a business partner adds a site after entering into a BPA contract.
  - (4) Changing the address of a principal place of business or site. The business partner shall notify the BPA Program Administrator no less than twenty (20) days prior to the address change.
  - (5) Adding an employee. A business partner shall not permit an employee to access DMV inventory or data unless the business partner has complied with the requirements of Section 225.03(d) of these regulations and has received approval from the department under Section 225.18(c) for the employee to have access to DMV inventory and data.

(6) Deleting an employee. The business partner shall notify the BPA Program Administrator no more than five (5) days after deleting an employee from the BPA program. The business partner shall identify the reason for deleting an employee.

(A) A business partner who terminates an employee for cause related to honesty, integrity, good character and reputation, pursuant to Vehicle Code section 1685, shall notify the BPA Program Administrator no more than one (1) day after the termination date.

(B) A business partner who terminates an employee for cause unrelated to honesty, integrity, good character and reputation, pursuant to Vehicle Code section 1685, shall notify the BPA Program Administrator within five (5) day after the termination date.

(7) Changing controlling director(s) and/or officer(s); changing member(s) of a Limited Liability Company; changing management and/or supervising BPA personnel; or changing partner(s) or stockholder(s). The business partner shall notify the BPA Program Administrator no more than twenty (20) days after the effective date of the change.

(b) A business partner shall notify the BPA Program Administrator in a signed and written notification on business partner letterhead and sent by facsimile, US mail, or private courier at least twenty (20) days prior to the effective date of the following changes:

(1) Change of "Doing Business As" (DBA) name.

(2) Change of mailing address.

(c) A business partner shall notify the BPA Program Administrator in a signed and written notification on business partner letterhead and sent by facsimile, US mail, or private courier no more than five (5) days after the effective date of the following changes:

(1) Change of operations contact person.

(2) Change of registered agent for service of process.

(d) A business partner shall notify the BPA Program Administrator in a signed and written notification on business partner letterhead and sent by facsimile, US mail, or private courier at least sixty (60) days prior to the effective date of a change of the account number identified pursuant to Section 225.30 of these regulations.

(1) A change of the account number shall require a new EFT contract pursuant to Section 225.30 of these regulations.

(e) The business partner shall notify the BPA Program Administrator in a signed and written notification on business partner letterhead and sent by facsimile, US mail, or private courier within seven (7) days of a change of telephone number.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Sections 1652, 1653, and 1685, Vehicle Code.

#### **§225.45. Customer Fees.**

(a) A business partner shall complete a Business Partner Automation Disclaimer form, REG 4020 (Rev. 11/2002) for each DMV transaction when a customer fee is charged. EXCEPTION: A business partner completing a conditional sales contract or lease agreement pursuant to Civil Code section 2982, 2982.5 or 2985.8 may disclose the amount of any optional Business Partnership Automation program fee to register or transfer a vehicle using the sales contract or lease agreement in place of the Business Partner Automation Disclaimer form.

(1) The business partner shall obtain the customer's signature on the form after the business partner enters on the form the fee amount that the business partner is charging to process the transaction.

(2) The business partner shall provide the completed original of the Business Partner Automation Disclaimer form to the customer, shall keep a completed copy, and shall send a copy to the department with the transaction documents. Voided copies of the form shall be

retained with the completed copies kept by the business partner pursuant to Section 225.60 of these regulations.

(3) The Business Partner Automation Disclaimer form is hereby incorporated by reference.

(b) The maximum amount a customer may be charged for each vehicle renewal transaction processed by a business partner is twenty-five dollars (\$25).

(c) The maximum amount a customer may be charged for each new vehicle report of sale transaction processed by a business partner is twenty-five dollars (\$25).

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.48. Transaction Fee.**

[Reserved for future use.]

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.51. Information Security Requirements.**

(a) A business partner, its owners and employees shall comply with the department's *IT Security Guidelines for Use in BPA Program* (October 2002), which is hereby incorporated by reference.

(b) A business partner, its owners and employees shall comply with the Information Practices Act of 1977 (Section 1798 et seq. of the Civil Code), the Public Records Act (Section 6250 of the Government Code), Sections 1808.21 and 1808.47 of the Vehicle Code, Sections 11015.5 and 11019.9 of the Government Code, and any and all related statutes pertaining to information security.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1798.19, Civil Code, Sections 6250, 11015.5, 11019.9, Government Code and Sections 1685, 1808.21, and 1808.47, Vehicle Code.

#### **§225.54. Transaction Procedures and Inventory Requirements.**

A business partner shall process transactions and control inventory according to the "*BPA Transaction Procedures and Inventory Requirements Handbook*" (March 20, 2003), which is hereby incorporated by reference.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.57. Inventory.**

[Reserved for future use.]

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.60. Retention of Business Records.**

(a) Each business partner shall maintain all business records related to the BPA program. These records shall be retained for the term of the BPA contract in which they pertain, for three (3) years following the termination, cancellation or expiration of the BPA contract and during any ongoing examination, audit and investigation pursuant to Sections 225.63 and 225.66 of these regulations.

(b) Upon the department's request, all business records shall be immediately made available during normal business hours to the department's representative.

(1) A business partner's out-of-state site locations may be issued a permit only if the business partner agrees in writing, and subject to the sole discretion of the BPA Program Administrator, to (1) make the business records available in California for an examination, investigation or to complete an audit or (2) pay the reasonable costs of an examination, audit or investigation, including but not limited to the expenses for travel, meals and lodging of the department's representative incurred during an examination, investigation or audit made at the business partner's out-of-state location.

(c) A business partner shall retain the business records at the business partner's principal place of business.

(d) The business records required to be maintained by the business partner under the terms of the BPA contract are records of the department.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

### **§225.63. Audit Requirements.**

(a) A business partner shall hire an independent auditor to perform three (3) compliance audits during the term of the BPA contract. The audits shall be conducted by an independent auditor in accordance with generally accepted government auditing standards and the department's BPA Audit Plan, which consists of the Independent Audit Plan (August 30, 2002) and Independent Auditor Program (August 30, 2002). The independent auditor shall keep confidential the department's business practices obtained in the course of an audit.

(1) The department may accept the Business Partner Automation Program Audit Self Certification form, REG. 4016 (NEW 12/2002), which is hereby incorporated by reference, in lieu of a compliance audit from second-line business partners only.

(A) The second-line business partner shall submit a Business Partner Automation Program Audit Self Certification form, REG 4016 (NEW 12/2002) to the BPA Program Administrator. A copy of the form shall be submitted to the first-line service provider and the Electronic Oversight Branch at the address indicated in Section 225.63(c).

(B) The Business Partner Automation Program Audit Self Certification form shall be submitted when an audit is due as set forth in Section 225.63(a)(2) of these regulations.

(2) An audit is required for each twelve (12) month period of the BPA contract. Each audit shall be completed within ninety (90) days of the end of each twelve (12) month audit period. A copy of the audit report, including any findings and recommendations, shall be submitted to the department within sixty (60) days of completion of each audit.

(3) The independent auditor shall be licensed as a certified public accountant in good standing in the state where the site is located.

(4) The independent auditor shall not be part of the ownership or involved in the operation or overview of any part of the business partner's business(es).

(b) The independent auditor shall sign a Representative Non-Disclosure Statement form, REG 4028 (NEW 3/2002) agreeing to protect as confidential information all department records and information including, but not limited to, residence/ mailing addresses.

(1) The Representative Non-disclosure Statement form shall be kept with the business partner's BPA business records and available for audit.

(2) The Representative Non-Disclosure Statement form is hereby incorporated by reference.

(c) The independent auditor shall provide the business partner audit report, the independent auditor's findings and any suggested corrective action plan or audit response developed by the business partner to the department at the following address: Electronic Oversight Branch, Executive Division, Department of Motor Vehicles, 2750 24<sup>th</sup> Street, MS H121, Sacramento, CA 95818.

(1) Audits of second-line business partners shall require that a copy of the audit report, findings and any suggested corrective action plan or audit response be sent to the department and the first-line service provider by the independent auditor. The first-line service provider shall retain and maintain a copy of the audit report and corrective action plan or audit response pursuant to Section 225.63.

(d) A business partner shall inform the BPA Program Administrator when an independent auditor is no longer employed by the business partner to perform an audit. This notice shall be sent within seven (7) days of release of the independent auditor. The signed and written notice on business partner letterhead shall be sent by facsimile, US mail, or private courier when an independent auditor is released from service.

(e) A business partner's principal place of business shall be open during normal business hours for an electronic or manual audit of the records required to be retained immediately upon a request from the State.

(f) The department may conduct a standard random audit to verify compliance without reimbursement from a business partner.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.66. Investigation and Review.**

(a) The department may exercise any and all authority and powers available to it under any other provisions of law to administer and enforce this article, including, but not limited to, examining, auditing and investigating the business partner's books and records, and charging and collecting the reasonable costs for these activities. Any civil, criminal, and administrative authority and remedies available to the department may be sought and employed in any combination deemed advisable by the department to enforce the provisions of this article. Nothing in this section shall be construed to impair or impede the department's authority under any other provision of law.

(b) The State may examine, audit, or investigate a business partner's activities under Vehicle Code section 1685, these regulations, and any agreement between a business partner and the State even if the BPA contract is terminated, cancelled or expires. The examination, audit or investigation may relate to any matter, including, but not limited to, procedures, operations and finances relating to the business partner activity. The business partner shall make available to the State all of its records and reports relating to the conduct of the activity, whether hard copy, or stored in electronic media. Failure by a business partner to comply with the provisions of this section shall be cause for immediate termination of a business partner's authorization to process transactions as a business partner.

(c) Whenever the department examines, audits or investigates any business partner, that business partner shall pay, within thirty (30) days after receipt of a statement from the department, the reasonable costs incurred by the department for the performance of the examination, audit or investigation, including, but not limited to:

(1) The reasonable amount of the salary and/or other compensation paid to the persons making the examination, audit or investigation.

(2) The reasonable expenses for travel, meals and lodging of the persons making the examination, audit or investigation.

(3) The reasonable amount of any other expenses, including overhead.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.69. Cancellation or Termination of a BPA Contract and Permit.**

(a) A first-line business partner and first-line service provider shall cancel a BPA contract and permit by notifying the BPA Program Administrator in a signed and written notification on business partner letterhead and sent by facsimile, US mail, or private courier no less than thirty (30) days prior to the cancellation.

(1) A second-line business partner shall cancel a BPA contract and permit by notifying its first-line service provider and the BPA Program Administrator in signed and written notifications on business partner letterhead and sent by facsimile, US mail, or private courier no less than thirty (30) days prior to the cancellation.

(b) The department may terminate a BPA contract and permit at any time without notice for any cause listed in Section 225.18 of these regulations.

(1) A business partner terminated for cause may not submit a new application until one year after the date its BPA contract was terminated by the department for cause.

(c) The department may terminate a BPA contract and permit without cause upon thirty (30) days written notification to a business partner.

(d) Upon the department's request, regardless of the reason, or upon the termination, cancellation or expiration of the BPA contract, a business partner shall immediately discontinue the use of electronic interface access and the issuance of any and all DMV inventory, including, but not limited to, license plates, stickers and DMV95A paper.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.

#### **§225.72. Voluntary Closing.**

(a) A first-line service provider shall comply with the following procedures to close a site location within thirty (30) days of cancellation or expiration of the BPA contract:

(1) The first-line service provider shall collect all unassigned accountable and controlled inventory from all of its second-line business partner sites.

(2) The first-line service provider shall complete a Physical Inventory (Non-DMV Entities) form, ADM175A (Rev. 2/2000), by recording all of the unassigned accountable inventory on the form and signing the form.

(3) The first-line service provider shall update the status of its accountable inventory on the BPA Inventory Database system.

(4) The first-line service provider shall return the Physical Inventory (Non-DMV Entities) form and all accountable inventory by trackable US mail or private carrier to: Department of Motor Vehicles, Automated Inventory Management Systems Unit, 2570 24<sup>th</sup> Street, MS G202, Sacramento, CA 94232-3820.

(5) The first-line service provider shall return all controlled inventory by trackable US mail or private carrier to: Department of Motor Vehicles, Inventory Management, 4201 Sierra Point Drive, Suite 112, Sacramento, CA 95834.

(6) The first-line service provider shall return all transactions and supporting documentation by trackable US mail or private carrier to: Department of Motor Vehicles, Manager Field Office Support Unit, 2415 1<sup>st</sup> Ave, MS 250, Sacramento, CA 95818.

(7) The first-line service provider shall return the permit by trackable US mail or private carrier to: Department of Motor Vehicles, BPA Program Administrator, 2415 1<sup>st</sup> Avenue, MS D166, Sacramento, CA 95818.

(b) A first-line business partner shall comply with the following procedures to close a site location within thirty (30) days of cancellation or expiration of the BPA contract.

(1) The first-line business partner shall collect all unassigned accountable and controlled inventory from all branch site locations.

(2) The first-line business partner shall complete a Physical Inventory (Non-DMV Entities) form, ADM175A (Rev. 2/2000) by recording all unassigned accountable inventory on the form and signing the form.

(3) The first-line business partner shall record the status of its accountable inventory on the BPA Inventory Database system.

(4) The first-line business partner shall return the Physical Inventory (Non-DMV Entities) form and all accountable inventory by trackable US mail or private carrier to: Department of Motor Vehicles, Automated Inventory Management Systems Unit, 2570 24<sup>th</sup> Street, MS G202, Sacramento, CA 94232-3820.

(5) The first-line business partner shall return all controlled inventory by trackable US mail or private carrier to: Department of Motor Vehicles, Inventory Management, 4201 Sierra Point Drive, Suite 112, Sacramento, CA 95834.

(6) The first-line business partner shall return all transactions and supporting documentation by trackable US mail or private carrier to: Department of Motor Vehicles, Manager Field Office Support Unit, 2415 1<sup>st</sup> Ave, MS E250, Sacramento, CA 95818.

(7) The first-line business partner shall return the BPA permit by trackable US mail or private carrier to: Department of Motor Vehicles, BPA Program Administrator, 2415 1<sup>st</sup> Avenue, MS D166, Sacramento, CA 95818.

(c) A second-line business partner and its first-line service provider shall comply with the following procedures to close a second-line business partner site location within thirty (30) days of cancellation or expiration of the BPA contract.

(1) The second-line business partner shall collect all unassigned accountable and controlled inventory and return it to its first-line service provider within seven (7) days of the cancellation or expiration of the BPA contract.

(2) The first-line service provider may redistribute the unassigned accountable inventory to its other second-line business partners.

(3) The second-line business partner shall return all transactions and supporting documentation to its first-line service provider within seven (7) days of the cancellation or expiration of the BPA contract. The first-line service provider shall return all transactions and supporting documentation by trackable US mail or private carrier to: Department of Motor Vehicles, Manager Field Office Support Unit, 2415 1<sup>st</sup> Ave, MS 250, Sacramento, CA 95818.

(4) The second-line business partner shall return the BPA permit by trackable US mail or private carrier to: Department of Motor Vehicles, BPA Program Administrator, 2415 1<sup>st</sup> Avenue, MS D166, Sacramento, CA 95818.

NOTE: Authority cited: Sections 1651 and 1685, Vehicle Code. Reference: Section 1685, Vehicle Code.